



**November 24, 2003**

## **Tax fraud charges added to indictment accusing suspended Cranston doctor of diluting vaccines**

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### **Wallace Gonsalves allegedly evaded personal income taxes and filed false corporate returns**

A federal grand jury has charged **Wallace Gonsalves**, a doctor who practiced in Cranston, with evading personal income taxes and filing false corporate tax returns. The charges were added to an indictment charging Gonsalves with diluting vaccines and filing false reports to Immigration officials about vaccinations and lab tests that he purportedly performed for immigrants.

The Office of the United States Attorney, Mark Dragonetti, Resident Agent in Charge of the Food and Drug Administration, Office of Criminal Investigations, Joseph Moraski, Special Agent in Charge of the U.S. Department of Health and Human Services, Office of Inspector General; Robin Avers, Special Agent in Charge of the Bureau of Immigration and Customs Enforcement; Kenneth R. Jones, Inspector in Charge of the U.S. Postal Inspection Service; and Joseph A. Galasso, Special Agent in Charge of the Internal Revenue Service, Criminal Investigations Division, jointly announced a 34-count indictment, which was returned on November 21 and which supersedes a 30-count indictment that was returned in July.

Gonsalves, who pleaded not guilty in July to the initial charges, pleaded not guilty today at his arraignment on the superseding indictment and was released on \$100,000 bond.

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Gonsalves is charged in a separate indictment, along with pharmacy owner Anthony Albanese, with diverting for sale in Albanese's pharmacy free prescription drug samples that pharmaceutical companies gave to Gonsalves.

The superseding indictment brings new charges alleging that Gonsalves attempted to evade income taxes by diverting corporate receipts to personal bank and brokerage accounts, including an account in his deceased mother's name. The indictment alleges that he submitted Individual Income Tax Returns falsely claiming that his taxable income for 2000 was \$42,122 and his 2000 income tax was \$8,266; and that his taxable income for 2001 was \$78,396 and his 2001 income tax was \$18,257.

The indictment also alleges that Gonsalves understated his gross corporate receipts on corporate returns submitted in November 2000 and November 2001, claiming gross receipts totaling \$736,778, when he allegedly knew that the total of his gross corporate receipts for both years was substantially more.

The superseding indictment realleges charges brought in the July indictment that Gonsalves diluted vaccines for measles, mumps, rubella, and varicella virus, and that he falsified reports submitted to the Immigration and Naturalization Service about vaccinations and the results of lab tests performed for immigrants.

The superseding indictment charges Gonsalves, 62, who lives at 2 Sandy Brook Court, Warwick, with two counts of tampering with a consumer product, two counts of adulterating a drug, and 26 counts of making a materially false statement to a federal official. It adds two counts of tax evasion and two counts of filing false tax returns. An indictment is merely an allegation and a defendant is presumed innocent unless and until proven guilty.

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Upon conviction, the statutory maximum penalties for the offenses charged in the indictment are: tampering with a consumer product – ten years imprisonment and a \$250,000 fine; adulteration of a drug – three years imprisonment and a \$50,000 fine; making false statements to a federal official – five years imprisonment and a \$250,000 fine; tax evasion – five years imprisonment and a \$250,000 fine; filing a false tax return – three years imprisonment and a \$100,000 fine. Exact sentencing for any defendant who is convicted would be determined on the basis of federal sentencing guidelines, which take into account such factors as the specific nature and impact of an offense and a defendant's criminal background, if any.

The Rhode Island Department of Health last year suspended Gonsalves' license to practice medicine.

The following agencies participated in the investigation that resulted in the indictment: the **U.S. Food and Drug Administration, Office of Criminal Investigations**; the **U.S. Department of Health and Human Services, Office of Inspector General, Office of Investigations**; the **Bureau of Immigration and Customs Enforcement** (formerly the Immigration and Naturalization Service and the Customs Bureau), the **U.S. Postal Inspection Service**; the **Internal Revenue Service, Criminal Investigations**; the **Rhode Island Attorney General's Medicaid Fraud Control Unit**; and the **Rhode Island Department of Health**.

Assistant U.S. Attorneys Luis M. Matos and Lisa Dinerman are prosecuting the case.